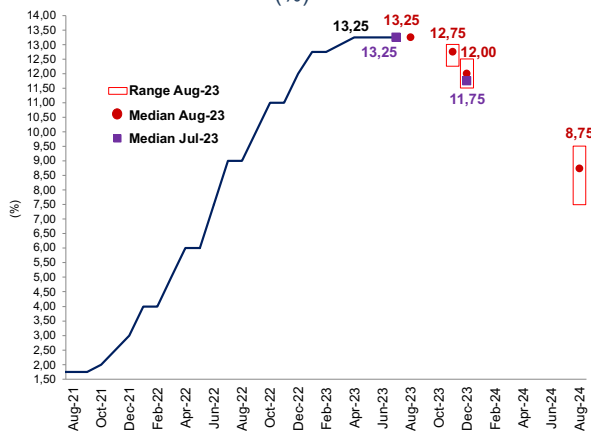


## CENTRAL BANK POLICY RATE

In July 2023, the Board of Directors of Banco de la República (Colombia's Central Bank) unanimously decided to leave the intervention rate unchanged at 13.25%. The next meeting at which a monetary policy decision will be made will take place on September 29, 2023.

For the months of August and November, analysts expect the intervention rate to stand at 13.25% and 12.75%, respectively. They also anticipate a further reduction, to end 2023 at 12.00% in December 2023 and 8.75% in August 2024 (Graph 1).

**Graph 1. Central Bank interest rate (%)**



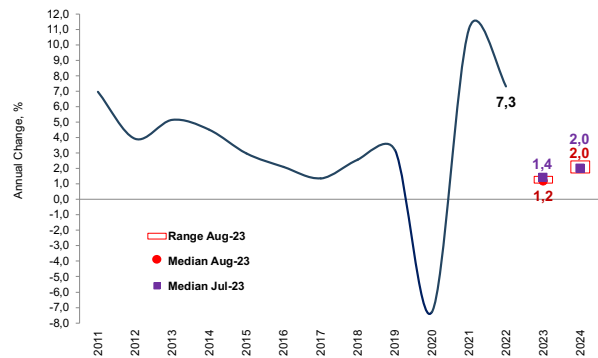
Source: Financial Opinion Survey, Fedesarrollo - bvc

## ECONOMIC GROWTH

In August, the growth forecast for 2023 was in a range between 1.1% and 1.5%, with 1.2% as the median response (0.2 percentage points (pps) lower than in the July 2023 edition) (Graph 2). The median for 2024 was 2.0%, ranging between 1.7% and 2.5%.

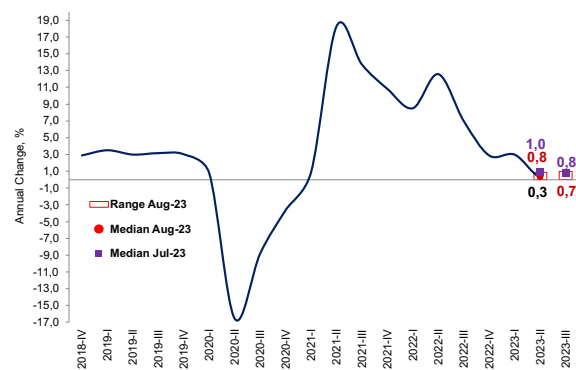
Growth expectations for the second quarter of 2023 were in a range between 0.3% and 1.2%, with 0.8% as the median response (1.0% in the July edition). This contrasts with the observed figure of 0.3% published by DANE. On the other hand, the growth forecast for the third quarter of 2023 stood at 0.7% (Graph 3).

**Graph 2. GDP annual growth forecast-2023 and 2024 (Annual Change, %)**



Source: Financial Opinion Survey, Fedesarrollo - bvc

**Graph 3. GDP growth forecast – second and third quarter 2023 (Annual Change, %)**



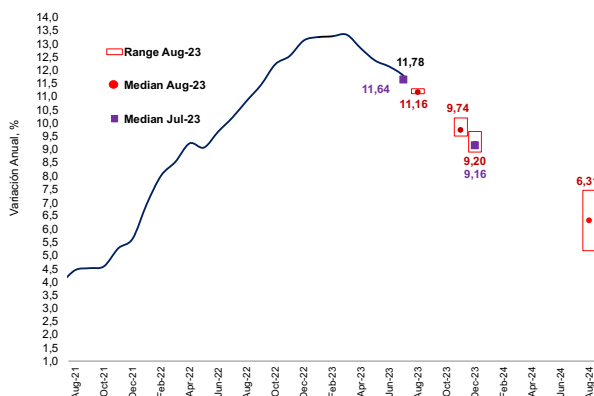
Source: Financial Opinion Survey, Fedesarrollo - bvc

## INFLATION

In July, annual inflation stood at 11.78%, lower than analysts' forecast (11.64%). In August, analysts believe that inflation will be 11.16% (in a range between 11.10% and 11.30%) (Graph 4).

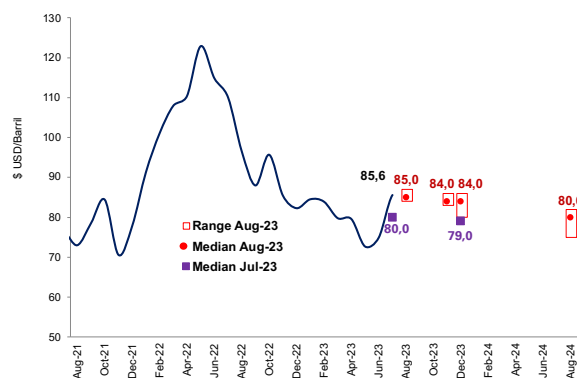
For this edition, analysts expect year-end inflation to close at 9.20% (in a range between 8.90% and 9.68%), showing a slight increase compared to the previous edition (9.16%), so inflation expectations remain outside the target range of Banco de la República (2.0% - 4.0%).

Graph 4. Inflation forecast



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 6. Brent's price - end of period

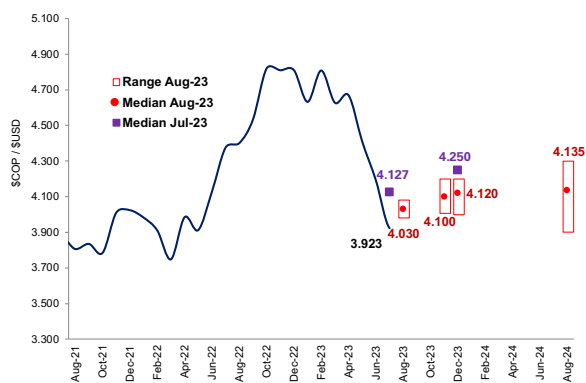


Source: Financial Opinion Survey, Fedesarrollo - bvc

## EXCHANGE RATE

In July, the exchange rate closed at \$3.923, with a monthly appreciation of 6.4%, reaching its maximum value for the month on July 12 (\$4.193) and its minimum value on July 31 (\$3.923). In August, analysts consider that the exchange rate will be in a range between \$3,980 and \$4,080, with \$4,030 as the median response (Graph 5). By the end of 2023, they expect a rate of \$4.120, which shows a decrease compared to the previous month's forecast (\$4.250).

Graph 5. Exchange rate - end of period



Source: Financial Opinion Survey, Fedesarrollo - bvc

## OIL

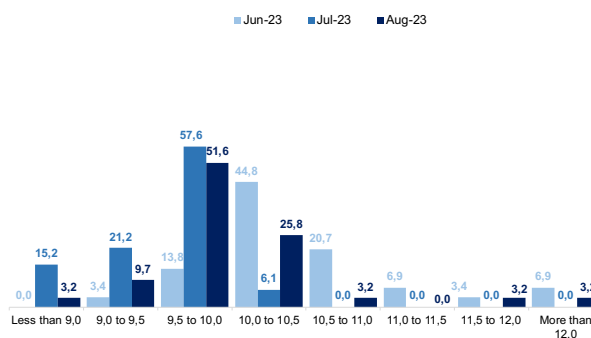
In July, Brent oil closed at \$85.6 dollars, showing a monthly increase of 14.2% and a difference of 5.6 dollars with respect to analysts' expectations (\$80.0). In August, analysts consider that the Brent benchmark oil price will be in a range between \$84.0 and \$87.0, with \$85.0 as the median response (Graph 6). By the close of 2023, they expect a price of \$84.0.

## TES 2028 and 2032 RATE

In this edition, 3.2% of analysts consider that the TES rate maturing in 2028 will be less than 9.0% in three months, 9.7% between 9.0%-9.5%, 51.6% expect it to be between 9.5%-10.0%, 25.8% expect it to be between 10.0%-10.5% and 9.7% project it to be more than 10.0% (Graph 7).

For TES maturing in 2032, 3.2% of analysts project their yield to be between 9.0%-9.5%, 22.6% consider it to be between 9.5%-10.0%, 61.3% project it to be between 10.0%-10.5% and 12.9% place it at more than 10.5% (Graph 8).

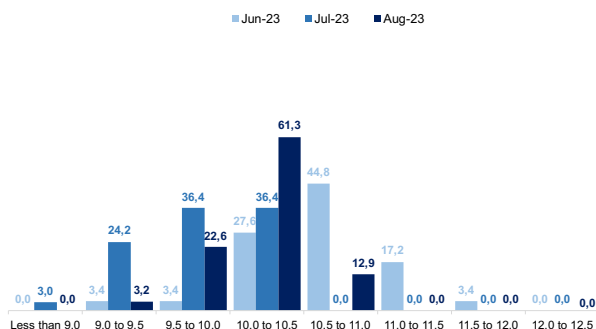
Graph 7. Expectation of TES 2028 performance rate within 3 months (% of answers)



Source: Financial Opinion Survey, Fedesarrollo - bvc

<sup>1</sup> The debt spread (EMBIG Colombia) is defined as the difference between the yield of Colombian bonds issued abroad and the yield of American treasury securities.

**Graph 8. Expectation of TES 2032 performance rate within 3 months**  
(% of answers)

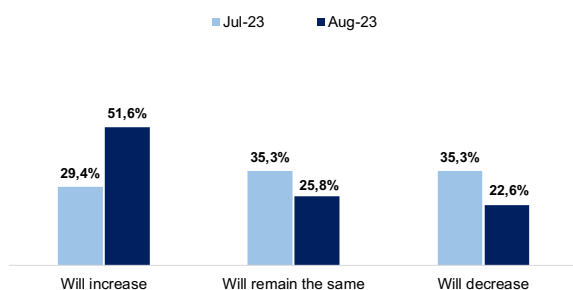


Source: Financial Opinion Survey, Fedesarrollo - bvc

### DEBT SPREAD – EMBIG COLOMBIA

The debt spread (EMBIG Colombia) closed in July 2023 at 313 bps. **In August, 51.6% of analysts** (22.2 pps higher than the previous month) **expect the spread to increase in the next 3 months**, while **25.8%** (9.5 pps lower than the previous month) **expect it to decrease**. The remaining **22.6%** of respondents **expect the spread to remain the same** (12.7 pps less than the previous month) (Graph 9).

**Graph 9. Expectation 3-months debt spread**  
(% of answers)



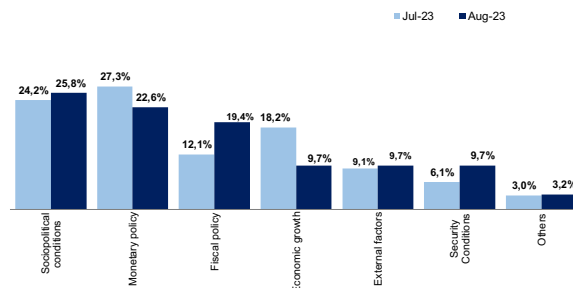
Source: Financial Opinion Survey, Fedesarrollo - bvc

### INVESTMENT DETERMINANTS

In this edition of the survey, **socio-political conditions were shown as the most relevant aspect at the time of investing, being chosen by 25.8% of analysts** (vs. 24.2% the previous month). Monetary policy ranked second with 22.6% of participation (vs. 27.3% the previous month). This was followed, in order, by fiscal policy and economic growth, with 19.4% and 9.7% of the share, respectively (vs. 12.1% and 18.2% the previous month). External factors and security conditions increased their importance, from 9.1% and 6.1% to 9.7%, respectively. Finally, other

factors increased from 3.0% to 3.2% (Graph 10).

**Graph 10. Most relevant factors for investment decisions**  
(% of answers)

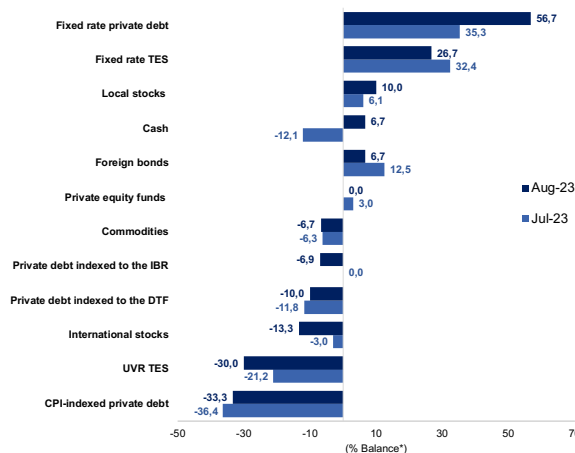


Source: Financial Opinion Survey, Fedesarrollo - bvc

### INVESTMENT PREFERENCES

Compared to July 2023, **portfolio managers increased their preferences for private debt indexed to the CPI, DTF and fixed rate, cash and local equities**. On the contrary, there was a decrease in preferences for international stocks, private equity funds, TES in UVR and fixed rate, commodities, foreign bonds and private debt indexed to the IBR (Graph 11).

**Graph 11. Projection of positions in the next 3 months for different assets**



\*Balance: % of respondents who will increase their position minus % of respondents that will decrease their position

Source: Financial Opinion Survey, Fedesarrollo - bvc

### MSCI COLCAP

The MSCI COLCAP reflects changes in the prices of the most liquid stocks on the Colombian Stock Exchange (bvc). **In August, 65.5% of analysts** (vs. 77.4% in July) **expect the index to appreciate in three months** (Table 1), while the remaining **34.5%** expect

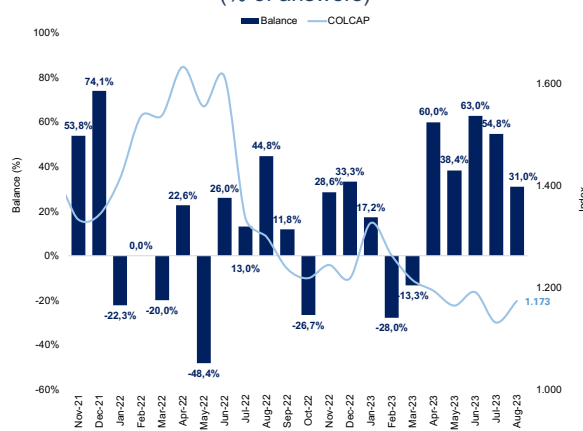
the stock index to depreciate (vs. 22.6% in July).

**Table 1. Expectations about the MSCI COLCAP index price at 3 months**  
(% of answers)

Index COLCAP Price Level	July 2023	August 2023
Will increase 10% or more	16,1%	13,8%
Will increase between 5% and 9,99%	38,7%	6,9%
Will increase between 0,01% and 4,99%	22,6%	44,8%
Will remain	0,0%	0,0%
Will decrease between 0,01% and 4,99%	19,4%	27,6%
Will decrease between 5% and 9,99%	3,2%	3,4%
Will decrease between 10% or more	0,0%	3,4%

Source: Financial Opinion Survey, Fedesarrollo – bvc

**Graph 12. Balance on the price of the MSCI COLCAP index 3 months\***  
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo – bvc

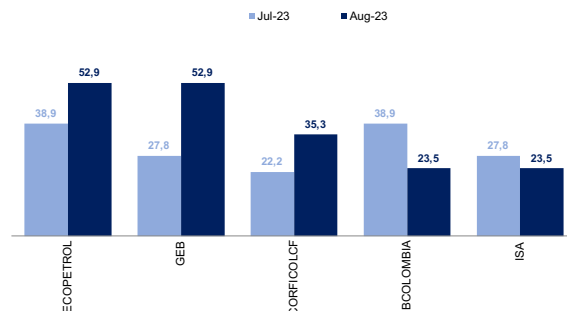
\* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation. The calculations use the index corresponding to the day on which the FOS was enabled.

## MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three stocks they consider most attractive within the MSCI COLCAP index. **In August, the common stock of Ecopetrol and Grupo Energía Bogotá ranked first, being selected by 52.9% of analysts. They were followed by the common stock of Corficolombiana (35.3%) and the common stock of Bancolombia and ISA (both with 23.5%)** (Graph 13).

**Graph 13. More attractive MSCI COLCAP stocks for investors**

(% of the respondents who consider the stock as one of the three more attractive)

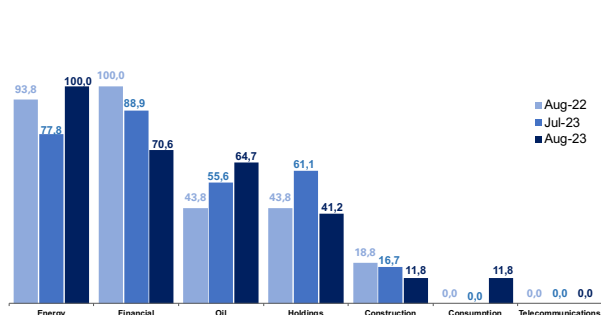


Source: Financial Opinion Survey, Fedesarrollo – bvc

There was a greater appetite for **energy, oil and consumer** stocks compared to July (Graph 14).

**Graph 14. Most attractive MSCI COLCAP sectors for investors**

(% of the respondents who consider the stock as one of the three most attractive)

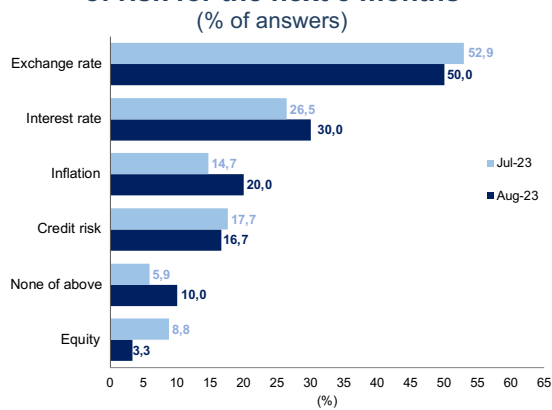


Source: Financial Opinion Survey, Fedesarrollo – bvc

## RISK COVERAGE

The FOS asks portfolio managers about the types of risk for which they plan to establish a hedge in the next three months. **In August, 50.0% of respondents (52.9% in July) stated that they are planning to hedge against the exchange rate in the short term** (Graph 15). In second place, the percentage of managers who expect to hedge against the interest rate was 30.0% while against inflation risk was 20.0% (26.5% and 14.7% in July, respectively).

**Graph 15. Coverage of the different types of risk for the next 3 months**



Source: Financial Opinion Survey, Fedesarrollo – bvc

**Table 2. Summary of the Macroeconomic Expectations**

Variable	Temporality	Observed	Forecast (Median of answers)	
		Jul-23	Jul-23	Aug-23
Inflation (Annual variation, %)	End of month	11,78	11,64	11,16
	End of year 2023		9,16	9,20
Exchange rate (\$)	End of month	3.923	4.127	4.030
	End of year 2023		4.250	4.120
Monetary policy interest rate (%)	End of month	13,25	13,25	13,25
	End of year 2023		11,75	12,00
Oil (Brent, \$USD/Barrel)	End of month	85,6	80,0	85,0
	End of year 2023		79,0	84,0
Growth (%)*	IIQ-2023	0,3	1,0	0,8
	IIIQ-2023		0,8	0,7
	2023		1,4	1,2

Source: Financial Opinion Survey – bvc  
\*Original series

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